

Western Area Power Administration

Request for Interest

Regarding Constructing, Financing, Facilitating or Studying Construction

of New or Upgraded Transmission Facilities

to Deliver or Facilitate Delivery of Renewable Resources

March 4, 2009

PURPOSE: The Western Area Power Administration (Western), a power marketing administration within the U.S. Department of Energy, is seeking interest from any entity or entities interested in identifying a proposed transmission project, primarily in Western's service area, and/or desiring to participate with Western and possibly others by financing, constructing or owning facilities or acquiring transmission rights or entering into long-term transmission service agreements on that project.

An expression of interest in participating in one or more proposed transmission projects is not binding or promissory. Responses will be used for planning purposes in implementing the authority granted to Western in the American Recovery and Reinvestment Act of 2009 (Recovery Act). In addition, Western may issue further Requests for Interest (RFI) under this authority. Failure to respond to this RFI does not preclude the ability to respond to any future RFIs.

This RFI is not subject to the Federal Acquisition Regulation (FAR). This RFI is issued solely for information and planning purposes; it does not constitute a Request for Proposal (RFP) or any promise to issue an RFP. This RFI does not commit Western to contract for any supply or

service. Responders are advised that Western will not pay any cost incurred in response to this RFI. All costs associated with responding to this RFI will be solely at the interested party's expense.

BACKGROUND: Western markets and transmits wholesale hydroelectric power, generated at 56 Federal dams across the western United States. This power is sold in accordance with Federal Reclamation law and preference and priority is given to public bodies and rural electric cooperatives in the sale of such power and the delivery of such power. Western owns and operates an integrated 17,000 circuit mile, high-voltage transmission system across 15 western states and a 1.3 million square-mile service area. Western's service area encompasses all of the following states: Arizona, California, Colorado, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Utah, and Wyoming; as well as parts of Iowa, Kansas, Montana, Minnesota, and Texas. Today, Western makes excess capacity on its transmission system available through the policies and procedures outlined in its Open Access Transmission Tariff (OATT).

The Recovery Act granted Western authority to construct, finance, facilitate, own, plan, operate, maintain or study construction of new and/or upgraded electric power transmission lines and related facilities with at least one terminus within the area served by Western and for delivering or facilitating the delivery of power generated by renewable energy resources constructed or reasonably expected to be constructed.

DESCRIPTION: This RFI is being issued under authority granted to Western in the Recovery Act. Section 402 gives Western authority to participate in certain transmission construction and

upgrade projects and provides borrowing authority to facilitate Western's participation. The law further specifies that Western, in the course of selecting potential projects to be funded under this section, shall seek requests for interest from entities in identifying potential projects. This RFI fulfills that requirement.

RFI SUBMISSION REQUIREMENTS:

Entities identifying a proposed transmission project in response to this RFI should submit a statement of interest (SOI) containing the following information, as appropriate:

1. **Entity:** Name and general description of the entity submitting the SOI, including the entity's relationship, if any, to transmission facility owners in the vicinity of the proposed project and renewable resource developers for projects listed in the response to Item 4, below.
2. **Entity Contact Information:** Name, mailing address, telephone number, facsimile number, and e-mail address of the entity's primary contact.
3. **Project Description:** Proposed transmission project description, including project termination points (one terminus must be within Western's service area); proposed routing; minimum transfer capability; descriptions of any previous transmission planning work done for the proposed project (plan of service, cost estimates, schedules, project agreements, system studies, environmental reviews, siting activities, coordination with local and state governing officials, public and landowner involvement, etc.); and any other information that would be useful in evaluating the readiness of the proposed transmission project for development. The entity should also summarize any transmission planning forums, including organizational, subregional and regional forums,

in which this proposed project has been discussed and the outcomes of those discussions, including completion of any transmission planning studies. The entity should also summarize any factors that would positively or negatively affect the entity's, Western's or other participants' efforts to develop the proposed project.

4. **Renewable Resource Description:** Description of the renewable energy resources for which the proposed project would facilitate delivery, including the relationship, if any, between the proposed transmission project and the renewable resource(s), the type(s) of renewable resource, size and general location of the resource, schedule for resource development, general location of load or markets, availability of generation-related ancillary services, a description of the entity's involvement in the renewable energy resource, any commitments to purchase the resulting energy and capacity from the proposed renewable resource and any other information that would be useful in evaluating the proposed transmission project.
5. **Interconnection Request:** If the proposed transmission project involves an interconnection request, please also note if the entity or resource developer has already requested an interconnection with one or more transmission facility owners, Regional Transmission Organizations, Independent System Operators or any other relevant entities, and the status of that request, including queue position and estimated date the transmission facility owner(s) expects to be ready to provide transmission service.
6. **Transmission Rights and/or Transmission Service:** Amount of transmission rights or long-term transmission service the entity may desire if and when the project is completed.

7. **Participant Roles:** The proposed roles that the entity, Western and any other project participants might play in the development, ownership and operation of the proposed project.
8. **Public Interest:** A brief description of how the project is in the public interest, including, but not limited to, advancing the purposes of the Recovery Act.
9. **Prior Experience:** A brief description of the entity's prior experience related to constructing, financing, facilitating or studying construction of new and/or upgraded electric power transmission lines and related facilities for the primary purpose of delivering or facilitating the delivery of power generated by renewable energy resources constructed or reasonably expected to be constructed.
10. **Financial capability:** Verifiable information demonstrating that the entity is in sound financial condition and has the ability to secure the necessary financing to meet the project's requirements now and in the future. The entity's financial capability and any other responsibility determinations will be reviewed for stability and adequacy to meet its long-term capital and cash needs to carry out its role in developing the proposed project. Entities may use the financial capability information request outlined on the attached form in determining what information will meet the demonstration of verifiability. If the entity plans to secure financing from an outside source, an official letter from the financier confirming the financial arrangements will be required.
11. **Participation of Other Entities:** A brief description of any steps the entity has taken to seek interest from other entities in participating in developing the proposed project or in seeking interest in subscribers for the additional transmission capacity resulting from the proposed project.

12. Other Information: A brief description of any other information that would be useful in evaluating the SOI.

EVALUATION: SOIs will be evaluated by Western based on the required information contained in the SOI as outlined above in Items 1 through 12 and the feasibility of developing a project that ultimately meets the following criteria outlined in Section 402 of the Recovery Act:

1. that it will deliver, or will facilitate the delivery of, power generated by renewable resources constructed or reasonably expected to be constructed,
2. that it is in the public interest,
3. that it will not adversely impact system reliability or operations, or other statutory obligations, and
4. that it is reasonable to expect that the revenues from such project shall be adequate to meet Western's financial repayment obligations.

In evaluating SOIs, Western will also consider:

- Project readiness for development.
- Project economics and cost-effectiveness.
- Project benefits and impacts.
- Participants' financial capabilities.

PROCESS AND TIMING:

Timing: To be assured consideration, all SOIs should be submitted in a non-confidential manner and received by Western on April 3, 2009.

Submission of Interest: Western will accept SOIs that are submitted via e-mail to:

txrfi@wapa.gov.

Questions: Questions regarding this RFI will be accepted via e-mail at: txrfi@wapa.gov.

Answers will be posted on Western's website to make them available to all interested parties.

Notification of Receipt: An e-mail acknowledgement of receipt will be provided.

CONFIDENTIALITY AND USE OF INFORMATION: Western will treat data submitted by Project participants related to this authority, including financing arrangements by other parties, as available to the public through the Freedom of Information Act (FOIA). However, participants may request confidential treatment of all or part of a submitted document under FOIA's exemption for "Confidential Business Information." Materials so designated and which meet the criteria stipulated in the FOIA will be treated as exempt from FOIA inquiries.

CONTACT INFORMATION: For further information, please contact Transmission Infrastructure Program, Western Area Power Administration, P.O. Box 281213, Lakewood, CO 80228-8213. The RFI is also available on Western's website at <http://www.wapa.gov>.

WESTERN AREA POWER ADMINISTRATION
CREDIT APPLICATION

Complete all sections of this form and submit to:

Western Area Power Administration

ATTN:

P.O. Box 281213

Lakewood, CO 80228-8213

Date: _____

Applicant Name (Customer): _____

Address: _____

Type of Service Requested: _____

Expected Monthly Business: _____

DUNS Number: _____

Credit Rating (if applicable): _____

Credit Manager or Point of Contact: _____

Phone: _____ Fax: _____ Email: _____

Is your company a subsidiary or affiliate of another company? Yes___ No ___

If Yes, please provide information on the related company:

Company Name: _____

Address: _____

DUNS Number: _____

Does your company plan to establish credit with a guarantee from the related company listed above? Yes ___ No ___

If Yes, all required information necessary for credit qualification is needed from the company guaranteeing credit.

Public Power Entities (not-for-profit):

Is your company a not-for-profit entity (governmental entity)? Yes ____ No ____

If your company is a not-for-profit entity, is it backed by the full faith and credit of a governmental entity (United States, state government or other government, as applicable)?

Yes ____ No ____ If Yes, state type of governmental entity and provide evidence.

If your company is a not-for-profit entity, do you have the ability to raise rates to cover outstanding obligations? Yes ____ No ____

Provide any material issues/changes that could impact the viability of the Transmission Customer and/or the credit decision including, but not limited to, litigation, investigations, arbitrations, contingencies, liabilities and affiliate relationships which have occurred within the past year.

Non-Public Power Entities:

To enable the Transmission Provider to conduct the proper analysis required to determine creditworthiness, the information below must be submitted with the Credit Application.

1. Rating agency reports (if applicable).
2. The most recent two quarters of financial statements signed by the company controller or other authorized company officer and the most recent two years of audited financial statements. Financial statements should include, but not be limited to:
 - a. Annual report
 - b. Balance sheet
 - c. Income statement
 - d. Statement of cash flows
 - e. Management's discussion and analysis
 - f. Report of independent auditor and accompanying notes for the Annual report, 10K, 10Q or 8K, as applicable
3. Material issues that could impact the viability of the Transmission Customer and/or the credit decision including, but not limited to, litigation, investigations, arbitrations, contingencies, liabilities and affiliate relationships which have occurred since the last audited financial statements.

Note: The Transmission Provider may request additional information as it determines is necessary and appropriate for the credit evaluation.
